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SUBJECT: AF-PAK TRANSIT TRADE NEGOTIATIONS ROUND FOUR: DARK
NEGOTIATING DAYS BEFORE ROUND FIVE RESOLUTION?

REF: KABUL 3341 AND PREVIOUS

¶1. (SBU) Summary: Pakistan,s Transit Trade Chief Negotiator Shahid Bashir laid down tough markers in his opening statements at the fourth round of negotiations on the Afghan-Pakistan Transit Trade Agreement (APTTA) that set a confrontational tone for the two-day negotiation. Pakistan opened by stating Afghanistan,s chief goal, access to the Indian border crossing at Wagah was off the table for discussion, and proposed the two countries adopt an interim arrangement on unauthorized trade, to include a negative list, until the USAID-funded trade study was completed. Progress was made in some protocols such as transit and rail, but the Pakistan delegation also insisted on revisiting text which had been completed in the previous round. The long-delayed round was also marred by a rocket attack on the hotel hosting the negotiations, though no one from either delegation sustained injury. While some of the Pakistani toughness may be attributed to the delegation forcefully defending its commercial interests in front of its stakeholder participants and earlier Afghan resistance to the unauthorized trade study (reftels), the Afghan side now privately doubts Pakistan,s intent to conclude the agreement. Despite this difficult round, we should continue to urge both sides to show the necessary flexibility at the next round of talks (slated for December 19-21 in Islamabad) to conclude the agreement by the end of this year. End Summary.

¶2. (U) Afghan and Pakistani delegations met November 21 and 22, 2009 in Kabul for the fourth round of negotiations of the Afghan-Pakistan Transit Trade Agreement (APTTA). Afghan Minister of Commerce and Industry Wahidullah Shahrani inaugurated the round by welcoming both delegations and reiterating Afghan commitment to complete the APTTA before the end of the year. The round was delayed for months pending resolution of the Afghan elections and bilateral scheduling conflicts despite frequent lobbying by both Embassy Kabul and Embassy Islamabad to find a mutually agreeable timeframe. The opening session was well-covered by Afghan print, radio and television media. The first afternoon,s negotiations were marred by a rocket attack on the hotel parking lot where delegations were meeting, but none of the participants sustained any injuries.

Pakistan Enters the Round with Fists Flying

¶3. (SBU) The Afghan delegation was visibly frustrated by Pakistan,s opening gambit in which it declared it would not talk about Afghan access to the Wagah border with India -- Afghanistan,s bottom line in the negotiations. In addition, the Pakistani delegation tabled a proposal to develop an

interim measure regarding unauthorized trade between Afghanistan and Pakistan which includes a negative list. The October debate and ensuing delay between the Afghan Ministry of Foreign Affairs and the Ministry of Commerce and Industry (MOCI) over whether Afghanistan would agree to endorse a study on unauthorized trade may have led the Pakistani delegation to doubt Afghan commitment to solve the problem. Moreover, given the study may not be concluded until six months after the completion of the agreement, the Pakistan team apparently wants to protect its industries and collect revenues due in the interim period. The Pakistani proposal suggested the private sector representatives could identify those products highly prone to unauthorized trade, i.e. smuggling, while Afghanistan believes the status quo should be maintained until the unauthorized trade study is finalized.

14. (SBU) The Afghans responded with a detailed five-year graduated process to gain full import and export access from/to India via the Wagah border. Under the Afghan proposal, in year one the Afghan trucks with exports would cross the Wagah border and be allowed to return with Pakistani export goods to Afghanistan. Additional measures would be granted in each year until reaching full export access from/to India in year five. The Pakistanis reiterated their position that this is a bilateral issue between Pakistan and India and can not be discussed within the APTTA.

One Step Forward, Two Steps Back

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15. (SBU) The sub-groups on Transit Trade Policy, Customs and Transport moved forward on their respective protocols and expect to conclude those sections at the next round. However, in addition to the issues mentioned in paras 3 and 4, old bilateral thorns were revisited, including how to refer to border crossings, since the two countries differ in their definition of the border. The Pakistanis favored Land border Stations, and the Afghans favored Legal Crossing Points.,

-- The two sides have agreed on text to establish an Afghanistan Pakistan Transit Trade Coordination Authority (APTTCa) to monitor and facilitate effecnot re-appointed as Afghaner.
End Comment.
Eikenberry